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C O N F I D E N T I A L SECTION 01 OF 02 AMMAN 007200

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SUBJECT: JORDANIAN PM'S VISIT TO SYRIA: "SOME POSITIVENESS"
ON THE ECONOMIC FRONT

REF: DAMASCUS 05064

Classified By: CDA David Hale, Reasons 1.5 (b) and (d)

11. (C) SUMMARY: Jordan's Deputy Prime Minister and Minister of Industry and Trade said the recent Jordanian visit to Syria found "some positiveness" on most economic issues, especially on trade. Jordan's main interest on the economic side was getting Syria to implement agreements already in place. Regarding the Jordanian trucks seized by Syria for allegedly carrying Israeli goods, the Deputy Prime Minister said the problem was now a customs matter. Assessing his counterparts, Halaqi said the Syrians had some good ministers, particularly those of Economy and of Finance, and that he felt that a number of top officials on the economic side were frustrated with the current state of affairs in the Syrian government. END SUMMARY.

12. (U) Prior to departing for Syria, Prime Minister Faysal Fayed billed the trip as primarily focused on economic and trade issues (see septel for a readout on security and border issues.) He told the Jordanian press that the delegation he would lead to Syria would call for implementation of the Jordan-Syria Free Trade Agreement, designed to lift gradually all tariffs on agricultural, animal and industrial exports and imports between the two countries. In addition, there would be discussions on the gas pipeline, which currently supplies Jordan with Egyptian gas and which is scheduled to be extended to Syria by early 2006.

13. (C) On August 24, Charge called on Deputy Prime Minister and Minister of Industry and Trade Mohammad Halaqi who described the visit. Halaqi had been the senior economic minister on the Jordanian delegation led by Prime Minister Fayed. The delegation included Minister of Water and Irrigation and Minister of Agriculture Hazem Nasser, Finance Minister Mohammad Abu Hammour, Justice Minister and Minister of State for Cabinet Affairs Salah Bashir, and Interior Minister Samir Habashneh. Halaqi said the Jordanian mission had found "some positiveness" in Syria on most issues, especially on trade. Jordan's main goal on the economic side had been to seek Syrian implementation of agreements already in place.

14. (C) Halaqi said that Jordan succeeded in reducing the number of Jordanian goods Syria had kept restricted under the Syria-Jordan trade protocol from 10 or 11 to just two or three. He said Syria was still being held back by its desire to protect its state-owned enterprises.

15. (C) Referring to the confiscation of Jordanian trucks for allegedly carrying Israeli products, Halaqi said the problem was now "a customs matter." He explained that the goods seized were Italian and had been imported through Haifa for a U.S. military contractor in Iraq. Unable to cross the border for unknown reasons, the drivers headed to Syria in order to attempt to enter Iraq from there or Turkey. The notable Hebrew markings on the trucks led to their detention in Syria. Halaqi added that smuggling and cross-border trade in general were on the agenda of the talks.

16. (C) With respect to his counterparts in Syria, Halaqi said that there were good ministers in Syria on the economic side, particularly the Ministers of Finance and Economy. He did sense frustration on the part of some of his counterparts about the lack of real progress on many issues by their own government.

17. (C) Halaqi explained that the Jordanian delegation had been broadly based at the request of the Syrians, who were seeking to learn from the Jordanian model of economic reform and trade liberalization. Both sides had agreed on a follow-up visit at a lower level. Referring to his recent visit to Ireland on an AID-supported visit to assess Ireland's investment promotion successes, Halaqi said he told the Syrians they needed to go to Ireland too to learn from the Irish model.

COMMENT

18. (C) Syrian-Jordan trade remains modest. The goods being traded are mainly foodstuffs, mechanical equipment, and apparel. Over the last ten years, Jordan has imported

annually any where from \$44 million to \$153 million in goods from Syria, with totals fluctuating substantially from year to year. Jordan's exports to Syria have been even more modest, ranging from \$3 million to \$14 million over the past ten years. The figures look more balanced over the first five months of this year, with \$85 million in Jordanian imports from Syria versus \$76 million in exports to Syria. Nevertheless, expanding this continued low level of trade was one of the goals of the Jordanian mission.

19. (SBU) Regarding smuggling and cross-border trade, familial bonds across this border have long been strong. Jordan hosts a group of Syrian families who left Syria during the first half of the last century. Although all are now considered full Jordanian citizens, many still have family ties in Syria. Most lost everything when Syrian governments nationalized their businesses, but talent and trade networks allowed most to rebuild their fortunes. They include prominent families like the Bdeir, the Taba'a, the Humsei, the Al-Jabri and the Malas.

10. (U) Baghdad minimize considered.
HALE